

Montreal Trust Company

1 PLACE VILLE MARIE, MONTREAL, QUEBEC

MAILING ADDRESS:
P.O. BOX 1900, STATION B
MONTREAL, QUEBEC
H3B 3L6

CABLE-TREALTRUST MTL
TELEX 07-26568 055-61286
TELEPHONE (514) 861-1681

RECORDATION NO. 8840 Filed & Recorded

May 27, 1977

MAY 31 1977-1 33 PM

INTERSTATE COMMERCE COMMISSION

The Secretary
Interstate Commerce Commission
Washington, D.C. 20423
U. S. A.

Dear Sir:

Enclosed herewith for recordation pursuant to Section 20c of the Interstate Commerce Act and the rules of the Commission thereunder are two executed counterparts of the following documents:

1. Lease dated as of May 1, 1977, between The Royal Trust Company as Lessor and Canadian Pacific Limited as Lessee.
2. Assignment of Lease dated as of May 1, 1977, from The Royal Trust Company as Lessor-Assignor to Montreal Trust Company as Trustee-Assignee with the Consent to such Assignment of Lease dated as of May 1, 1977 and being attached thereto.
3. An Equipment Trust Agreement dated as of May 1, 1977, between Montreal Trust Company as Trustee and The Royal Trust Company as Owner-Lessor.

The addresses of the parties to the documents listed above are as follows:

The Royal Trust Company
(as Lessor-Assignor)
P.O. Box 7500
Station "A"
Toronto, Canada

Attention: Corporate Trust Department

Montreal Trust Company
(as Trustee-Assignee)
One Place Ville Marie
Montreal, Quebec H3B 4A8

Attention: Corporate Trust Office

RECEIVED
MAY 31 1 33 PM '77
I.C.C.
FEE OPERATION BR.

RECORDATION NO. 8840-A Filed & Recorded

MAY 31 1977-1 33 PM

8840-B
MAY 31 1977-1 33 PM

INTERSTATE COMMERCE COMMISSION

The Secretary
Interstate Commerce Commission
May 27, 1977
Page 2

Canadian Pacific Limited
(as Lessee)
Windsor Station
Montreal, Quebec H3C 3E4
Canada

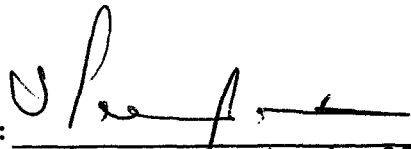
The equipment covered by the above-listed documents consists of two hundred thirty eight (238) 100-ton covered hopper cars AAR mechanical designation LO bearing the road numbers of Canadian Pacific Limited, CPI 385262 to CPI 385499, both inclusive, and also bearing the legend: "Owned by Montreal Trust Company, One Place Ville Marie, Montreal, H3B 4A8, Quebec, Canada, as Trustee under an Equipment Trust Agreement".

Enclosed is a cheque in the amount of \$110.00 for the required recordation fee. Please accept for recordation one executed copy of each of the enclosed documents, stamp the remaining copy in each case with your recordation numbers and return them to the delivering messenger along with your fee receipt addressed to the undersigned.

I am an authorized officer of Montreal Trust Company and have knowledge of the matters set forth herein.

Yours very truly,

MONTREAL TRUST COMPANY

By: 
Authorized Officer

MAY 31 1977 - 1 25 PM

INTERNATIONAL COMMERCE COMMISSION

ASSIGNMENT OF LEASE AND AGREEMENT dated as of May 1, 1977 (hereinafter called the Assignment), by and between THE ROYAL TRUST COMPANY, a corporation incorporated by special charter granted under the laws of the Province of Quebec, Canada (hereinafter called the Owner Trustee), as Owner Trustee under a Trust Agreement dated as of May 1, 1977 (hereinafter called the Trust Agreement), with a certain equity investor, and MONTREAL TRUST COMPANY, a corporation organized under the laws of the Province of Quebec, Canada, as Trustee (hereinafter called the Equipment Trustee) under an Equipment Trust Agreement dated as of May 1, 1977 (hereinafter called the Equipment Trust Agreement), between the Equipment Trustee and the Owner Trustee.

WHEREAS the Owner Trustee, as Lessor, and Canadian Pacific Limited, as Lessee (hereinafter called the Lessee), have entered into a Lease dated as of May 1, 1977 (hereinafter called the Lease), providing for the leasing by the Owner Trustee to the Lessee of the Units (as defined in the Lease); and

WHEREAS, in order to provide security for the obligations of the Owner Trustee under the Equipment Trust Agreement and as an inducement to the Purchasers of the equipment trust certificates to be issued under the Equipment Trust Agreement to purchase said certificates, the Owner Trustee has agreed to assign for security purposes its rights in, to and under the Lease to the Equipment Trustee;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed the parties hereto agree as follows:

1. As security for the payment and performance of its obligations under the Equipment Trust Agreement, the Owner Trustee hereby assigns, transfers, and sets over unto the Trustee all the Owner Trustee's right, title and interest as Lessor under the Lease, together with all rights, powers, privileges, and other benefits of the Owner Trustee as Lessor under the Lease including without limitation, the immediate right to receive and collect all rentals, profits and other

sums payable to or receivable by the Owner Trustee from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages or otherwise (such moneys being hereinafter called the Payments), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Owner Trustee, as Lessor, is or may become entitled to do under the Lease. Notwithstanding the foregoing the Payments shall not include any amounts which by the terms of Section 5 of the Lease are payable directly to the Beneficiary and not to the Owner Trustee or any taxing authority.

The Owner Trustee agrees to cause all the Payments to be made directly to the Trustee at 1 Place Ville Marie, Montreal H3B 4A8, Quebec, Canada, Attention: Corporate Trust Department. The Equipment Trustee will accept all Payments and all other payments pursuant hereto and will apply the same as follows: first, to or toward the payment of all amounts due and payable under the Equipment Trust Agreement by the Owner Trustee on the date such Payments or other payments are required to be paid pursuant to the Lease and the Equipment Trustee shall credit such Payments and such payments so applied to the amounts so due and payable or so to become due and payable; and second, so long as, to the actual knowledge of the Trustee, no Event of Default (as defined in the Equipment Trust Agreement) or event known to the Equipment Trustee which, with notice or lapse of time or both, would constitute an Event of Default shall have occurred and then be continuing, any balance of such Payments and such payments remaining shall be paid over to the Owner Trustee by the Equipment Trustee. So long as, to the actual knowledge of the Equipment Trustee, an Event of Default or event which, with notice of lapse of time or both, would constitute an Event of Default shall then be continuing, the Equipment Trustee shall not pay over any of the Payments or such payments pursuant hereto, but, during such continuance, shall apply all Payments and all such payments in a manner consistent with the provisions of the Equipment Trust Agreement. Anything in this Assignment to the contrary notwithstanding, no amounts shall be considered to be due and payable by the Owner Trustee under the Equipment Trust Agreement in the event that such amounts shall have been indefeasibly paid by the Lessee to the Equipment Trustee pursuant to the Lease, the Equipment Trust Agreement, this Assignment and/or the Lessee's Consent and Agreement annexed hereto.

2. The assignment made hereby is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Equipment Trustee to, or transfer, or pass, or in any way affect or modify any liability of the Owner Trustee under the Lease, it being understood and agreed that notwithstanding such assignment or any subsequent assignment all obligations of the Owner Trustee to the Lessee under the Lease shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Owner Trustee or persons other than the Equipment Trustee.

3. To protect the security afforded by this Assignment the Owner Trustee agrees as follows:

(a) Faithfully to abide by, perform and discharge each and every obligation, covenant and agreement of the Lease by the Owner Trustee to be performed; at the sole cost and expense of the Owner Trustee (except as otherwise provided herein or by any of the instruments or agreements referred to herein or in the Equipment Trust Agreement), to enforce or secure the performance of each and every obligation, covenant, condition and agreement contained in the Lease by the Lessee to be performed; without the written consent of the Equipment Trustee not to anticipate the rents under the Lease or to waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein; to hold any Payments received by the Owner Trustee which are assigned and set over the Equipment Trustee by this Assignment in trust for the Equipment Trustee and to turn them over to the Equipment Trustee forthwith in the same form in which they are received for application in accordance with the terms and conditions hereof.

(b) That should the Owner Trustee fail to make any payment or to do any act as herein provided, then the Equipment Trustee, but without obligation so to do and without notice to or demand on the Owner Trustee and without releasing the Owner Trustee from any obligation hereunder, may make or do the same in such manner and to such extent as the Trustee may deem necessary to protect

the security hereof, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Equipment Trustee, and also the right to perform and discharge each and every obligation, covenant and agreement of the Owner Trustee contained in the Lease; and in exercising any such powers to pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, which shall be reimbursed to it by the Owner Trustee.

4. The Owner Trustee does hereby constitute the Equipment Trustee the Owner Trustee's true and lawful attorney, irrevocably, with full power (in the name of the Owner Trustee, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Owner Trustee is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Equipment Trustee may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Owner Trustee's obligations under the Equipment Trust Agreement, the assignment made hereby and all rights herein assigned to the Equipment Trustee shall terminate, and all estate, right, title and interest of the Equipment Trustee in and to the Lease and the Payments shall revert to the Owner Trustee.

6. The Owner Trustee represents and warrants that (a) the execution and delivery by the Owner Trustee of the Lease, this Assignment and the Equipment Trust Agreement have each been duly authorized, and the Lease, this Assignment and the Equipment Trust Agreement are and will remain the valid and binding obligations of the Owner Trustee in accordance with their terms, (b) the Owner Trustee has not executed any other assignment of the Lease and the Equipment Trustee's right to receive all payments under the Lease is and will continue to be free and clear of any and all liens, agreements, security interests or other encumbrances, (c) notwithstanding this Assignment, the Owner Trustee will conform and comply with each and all of the covenants and conditions

in the Lease and the Equipment Trust Agreement set forth to be complied with by it, (d) to the knowledge of the Owner Trustee, it has performed all obligations on its part to be performed under the Lease and the Equipment Trust Agreement on or prior to the date hereof and (e) the Lease and the Equipment Trust Agreement are in full force and effect and have not been canceled by the Owner Trustee or, to the knowledge of the Owner Trustee, by the other parties thereto and to the knowledge of the Owner Trustee there has not occurred on or prior to the date hereof any Event of Default (as that term is defined in the Equipment Trust Agreement) or any event which, with notice or lapse of time or both, would constitute such an Event of Default.

If an Event of Default (as defined in the Equipment Trust Agreement) shall occur and be continuing, the Equipment Trustee shall be entitled (i) to exercise all the rights, privileges and remedies available to the Lessor under the Lease and to the Equipment Trustee under the Equipment Trust Agreement and (ii) to do any acts which the Equipment Trustee deems proper to protect the security hereof, either with or without taking possession of the Units. The taking possession of the Units and the taking of action permitted as aforesaid shall not cure or waive any default or waive, modify or affect any default hereunder or under the Lease or the Equipment Trust Agreement, or invalidate any act done hereunder.

7. The Owner Trustee covenants and agrees with the Trustee that in any suit, proceeding or action brought by the Trustee under the Lease for any instalment of, or interest on, any rental or other sum owing thereunder, or to enforce any provisions of the Lease, the Owner Trustee will save, indemnify and keep the Equipment Trustee harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Lessee or its successors, arising out of a breach by the Owner Trustee of any obligation under the Lease or arising out of any other indebtedness or liability at any time owing to the Lessee or its successors from the Owner Trustee. Any and all such obligations of the Owner Trustee shall be and remain enforceable against and only against the Owner Trustee and shall not be enforceable against the Equipment Trustee or any party or parties in whom any of the rights of the Owner Trustee under the Lease shall vest by reason of successive assignments or transfers.

8. The Owner Trustee will from time to time execute all such financing statements and supplemental instruments and documents as the Equipment Trustee may from time to time reasonably request in order to confirm or further assure the assignment made hereby and the provisions hereof.

9. The Equipment Trustee may assign to any successor trustee appointed pursuant to Section 8.06 of the Equipment Trust Agreement or any co-trustee or separate trustee appointed pursuant to Section 8.09 thereof any of its rights under the Lease, including the right to receive any payments due or to become due to it from the Lessee thereunder. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all obligations of the Equipment Trustee hereunder.

10. The Owner Trustee agrees that it will not, without the prior written consent of the Equipment Trustee, enter into any agreement amending, modifying or terminating the Lease and that any amendment, modification or termination thereof without such consent shall be void.

11. The obligations and liabilities of the Owner Trustee hereunder shall be construed and limited in accordance with Section 4.03 of the Equipment Trust Agreement.

12. This Assignment shall be governed by the laws of the Province of Ontario, Canada, provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act of the United States, the applicable recording laws of Canada and such additional rights arising out of the filing, recording or depositing hereof and of any assignment hereof or out of the markings on the Units as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited or in which any Unit may be located.


13. The Owner Trustee shall cause copies of all notices received in connection with the Lease to be promptly delivered to the Equipment Trustee at 1 Place Ville Marie, Montreal H3B 4A8, Quebec, Canada, Attention: Corporate Trust Department, or at such other address as the Trustee shall designate.

14. This Assignment may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.

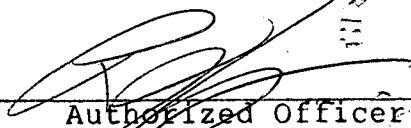
IN WITNESS WHEREOF the Owner Trustee, pursuant to due corporate authority, has caused this Assignment to be duly executed, as of the date first above written.

THE ROYAL TRUST COMPANY,
as Owner Trustee,

by


Authorized Officer
R. L. MACKENZIE, Manager Corp. Trust Dept.

by

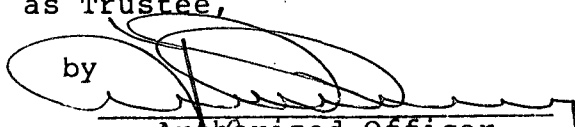
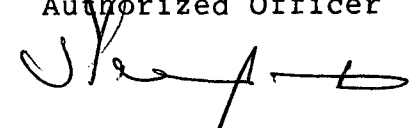

Authorized Officer
R. HAYMAN, Corp. Trust Officer

[CORPORATE SEAL]

Accepted:

MONTREAL TRUST COMPANY,
as Trustee,

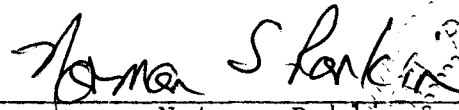
by


Authorized Officer




ONTARIO
PROVINCE OF ~~QUEBEC~~,)
TORONTO) ss.:
CITY OF MONTREAL,)

On this 26th day of May 1977, before me personally appeared R.L. Mackenzie and R. Hayman, to me personally known, who, being by me duly sworn, say that they are Manager Corporate Trust Dept. and Corporate Trust Officer, respectively, of THE ROYAL TRUST COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

[NOTARIAL SEAL]

My Commission is for life.



LESSEE'S CONSENT AND AGREEMENT

The undersigned, a corporation duly incorporated under the laws of Canada, the Lessee named in the Lease (hereinafter called the Lease) referred to in the foregoing Assignment of Lease and Agreement (hereinafter called the Assignment), hereby (a) acknowledges receipt of a copy of the Assignment and (b) consents to all the terms and conditions of the Assignment.

As an inducement to the purchasers and holders of the equipment trust certificates (hereinafter called the Trust Certificates) to be issued pursuant to an Equipment Trust Agreement (hereinafter called the Equipment Trust Agreement) dated as of May 1, 1977, between MONTREAL TRUST COMPANY, as Trustee (hereinafter called the Trustee) and THE ROYAL TRUST COMPANY, as Owner Trustee (hereinafter called the Lessor), (a copy of which has been delivered to the undersigned) pursuant to which the Lessor is partially financing the purchase of the units of railroad equipment (hereinafter called the Units) being leased by the Lessor to the undersigned pursuant to the Lease, and in consideration of other good and valuable consideration, the undersigned agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys (other than any payments which by the terms of Section 5 of the Lease are payable directly to the Beneficiary and not to the Owner Trustee or any taxing authority) provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease in respect of the Units leased thereunder, directly to the Trustee, at 1 Place Ville Marie, Montreal H3B 4A8, Quebec, Canada, Attention: Corporate Trust Department (or at such other address in Canada as may be furnished in writing to the undersigned by the Trustee); it being hereby agreed that the undersigned's obligation to pay all the aforesaid Payments is absolute and unconditional; provided, however, the foregoing shall not be deemed to constitute a guaranty of rentals;

(2) the Trustee shall be entitled to the benefits of, and to receive and enforce performance of, all of the covenants to be performed by the undersigned under the Lease as though the Trustee were named therein as the Lessor;

(3) the Payments due hereunder shall not be subject to any right of setoff or counterclaim or other defense which the undersigned might have against the Lessor or otherwise, and the payment thereof to the Trustee shall be final and shall not be subject to, and the undersigned hereby agrees to indemnify the Trustee against, any liens, charges or claims of any nature whatsoever (other than liens, charges or claims created or incurred by the Trustee not arising out of the transactions contemplated by the Equipment Trust Agreement, the Lease or the Assignment) resulting from a breach by the undersigned of its obligations under the Lease, prior to or pari passu with the right of the Trustee to apply such Payments or sums equivalent thereto, as provided in the Assignment;

(4) the Trustee shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise;

(5) the Lease shall not, without the prior written consent of the Trustee, be amended, terminated or modified, or any action be taken or omitted by the undersigned, the taking or omission of which might result in an alteration or impairment of the Lease, the Assignment or this Consent and Agreement or of any of the rights created by any thereof;

(6) it will (i) execute, deliver and/or furnish all notices, certificates, communications, instruments, agreements, legal opinions and other documents and papers required to be executed, delivered and/or furnished by it (or its counsel) pursuant to the provisions of the Purchase Agreement (as defined in the Equipment Trust Agreement), the Assignment and/or the Equipment Trust Agreement and (ii) do all such acts and execute and deliver all such further assurances required to be done and/or executed and delivered by it pursuant to the provisions of any thereof; and

(7) to the extent permitted by applicable law, it hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of the courts of the United States or any state thereof, that its property is exempt

or immune from execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper, or that the Lease, the Assignment, or this Consent and Agreement or the subject matter of any thereof may not be enforced in or by such court.

In consideration of the premises, the Lessee's covenants aforementioned and other good and valuable consideration, the Trustee agrees to pay to the Lessee in accordance with Section 8.04 of the Equipment Trust Agreement such amounts, if any, as are therein specified to be paid to the Lessee, provided that the Lessor is not in default under the Equipment Trust Agreement and the Lessee is not in default under the Lease.

This Consent and Agreement may be executed in several counterparts, each of which when so executed shall be deemed an original, and such counterparts together shall constitute one and the same instrument.

This Consent and Agreement, when accepted by the Trustee by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the Province of Ontario, Canada, and, for all purposes, shall be construed in accordance with the laws of said Province.

Dated as of May 1, 1977

CANADIAN PACIFIC LIMITED,

by


Vice President

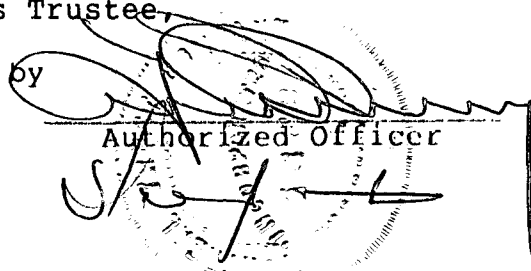
by


Assistant Secretary

[CORPORATE SEAL]

Accepted:

MONTREAL TRUST COMPANY,
as Trustee,

by 
Authorized Officer

PROVINCE OF QUEBEC,)
) SS.:
CITY OF MONTREAL,)

On this 27th day of May 1977, before me personally appeared Paul A. Nepveu and Paul BeA Nadet, to me personally known, who, being by me duly sworn, say that they are VICE-PRESIDENT and ASSISTANT SECRETARY, respectively, of CANADIAN PACIFIC LIMITED, that the seal affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Indei Kachanov
Notary Public

[NOTARIAL SEAL]

My Commission is for life.

